

1 JOHN D. MUNDING
2 CRUMB & MUNDING, P.S.
3 111 S. Post Street, PH 2290
4 Spokane, WA 99201
5 (509) 624-6464
6 munding@crumb-munding.com

7
8
9 Attorney for Debtor in Possession.
10

11
12 **UNITED STATES BANKRUPTCY COURT**
13 **EASTERN DISTRICT OF WASHINGTON**
14

15 **In re**
16 **CENTURION PROPERTIES III,**
17 **LLC,**

18 **Debtor.**
19

Case No. 10-04024-FLK 11

Chapter 11

**EXPEDITED MOTION FOR
INTERIM ORDER AUTHORIZING:**

**1) MODIFICATION/SUSPENSION
OF "LOCKBOX" PAYMENTS**

**2) UTILIZATION OF CASH
COLLATERAL**

**3) GRANTING ADEQUATE
PROTECTION**

22 **I. MOTION**
23

24 Centurion Properties III, LLC (the "Debtor"), by and through its counsel Crumb
25 & Munding, P.S., move the Court for an order authorizing: (1) Releasing funds held in
26

1 Lockbox; (2) Use of Cash Collateral on an Interim Basis; and (3) A Determination of
2 Interim Adequate Assurance Payment ("Motion"), pending final hearing, by the
3 Debtor pursuant to 11 U.S.C. § 363, FRBP 9014, and LBR 4001-2. This Motion is
4 supported by the records and files herein, the Memorandum in Support of this Motion
5 filed herewith, and the supporting declarations of Michael E. Henry and John D.
6 Munding filed herewith. The Debtor reserves the right to supplement this Motion with
7 further supporting declarations and materials as they become necessary and available.
8
9

10 11 **II. BASIS**

12
13 By way of this Motion the Debtor seeks relief for purposes of utilization of
14 rents to administer this Estate, meet contractual obligations, meet payments of
15 creditors associated with post-petition operations, and preserve the Estate for the
16 benefit of all creditors. In support thereof, the represents and requests:
17
18

19 **A. Utilization of Cash Collateral**

20
21 The Debtor seeks on an interim basis the use of cash collateral consisting of:

- 22 1. Funds Held in Lockbox. Pursuant to prior agreement of the parties
23 secured creditor GECC has been receiving all Base Rent payments, Service Rent
24 payments and Task Order payments from Battelle. The Debtor requests immediate
25
26

1 release of all such funds currently held in the Lockbox with the exception of the
2 interim adequate protection payment proposed herein.

3 2. Release of Base Rents. The Debtor seeks permission from the
4 Court on an interim basis, to directly receive base rent payments from Battelle.
5

6 3. Release of Service Rents. The Debtor seeks permission of the
7 Court on an interim basis, to directly receive payment of operating expenses known as
8 Service Rents directly from Battelle in the amount invoiced to Battelle each month.
9

10 4. Release of Task Order Payments. The Debtor seeks
11 permission from the Court, on an interim basis, to directly receive Task Order
12 reimbursement payments directly from Battelle.
13

14
15 **B. Adequate Assurance Payments / Adequate Assurance**
16

17 The Debtor proposes that the total Base Rent of \$556,009.28 be paid into the
18 Lockbox. Upon payment of \$556,009.28 by Battelle into the Lockbox, the sum of
19 approximately \$330,000.00 (6.36 percent of Principal Balance) shall be released to
20 GECC as an interim adequate assurance payment. The remaining balance of the Base
21 Rent payment shall be immediately released to the Debtor for purposes of ongoing
22 operations, including administrative expenses.
23
24
25
26

1 The Debtor also acknowledges GECC's senior lien position on the Battelle
2 property. The appraisal value of the property is \$98 million. GECC's lien, as of the
3 date of the petition, is believed to be approximately \$58,250,000.00. GECC shall
4 retain its senior lien position on the Battelle property, with the Debtor and GECC
5 reserving all rights, remedies, and claims pertaining to default interest, penalties and
6 fees.
7

8 9 10 **C. Necessary Expenditures**

11 The Debtor requests the release of "Lockbox" payments to use for necessary
12 and required expenditures associated with the service, maintenance and performance
13 of obligations under the real property leases with Battelle. Those expenditures are
14 detailed in the Memorandum filed in support hereof, and the declarations of Michael
15 E. Henry and John D. Munding submitted herewith. In summary, such items include
16 on a monthly basis:
17

- 18 • Administrative Expenses and Costs
 - 19 • Service Rent Expenses
 - 20 • Task Order Reimbursement
 - 21 • General Operational Expenses
- 22
23
24
25
26

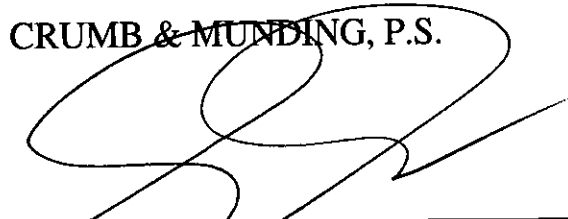
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

III. RELIEF REQUESTED

WHEREFORE, the Debtor respectfully requests that the Court authorize the use of Base Rents, Service Rents, and Task Order reimbursement by the Debtor. The Debtor also requests the Court set interim monthly adequate assurance payments be set at approximately \$330,000.00 which is interest only payments of 6.36 percent on the outstanding balance.

DATED this 13th day of July, 2010.

CRUMB & MUNDING, P.S.



JOHN D. MUNDING, WSBA #21734
Attorneys for Centurion Properties III, LLC

p:\files\centurion prop\2010.019